



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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December 4, 2007

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC HEALTH: APPROVAL OF  
AMENDMENT NUMBER 1 TO COUNTY CONTRACT NUMBER PH-000220  
WITH MERCER HUMAN RESOURCE CONSULTING, INC.  
FOR CONSULTING SERVICES  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and instruct the Director of the Department of Public Health (DPH), or his designee, to issue and sign Amendment Number 1, (substantially similar to Exhibit I), to Agreement Number PH-000220 with Mercer Human Resource Consulting, Inc. for the provision of consulting services, to extend the term of the agreement, at no additional cost, for a period of twelve months, effective January 1, 2008 through December 31, 2008.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended action will allow the Director of DPH to extend the term of the Agreement Number PH-000220, effective January 1, 2008 through December 31, 2008, at no additional cost.

Despite a series of unforeseeable events, Mercer has done an excellent job in completing the majority of their contract deliverables. Mercer's final deliverable on the contract is their participation in the Bidders Conference after the release of the HIV/AIDS Outpatient Medical Services Request for Proposals (RFP). It is important that Mercer be available to

Board of Supervisors  
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First District

YVONNE B. BURKE  
Second District

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Third District

DON KNABE  
Fourth District

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Fifth District

address provider questions or concerns regarding the rate development during this solicitation process. Agreement Number PH-000220 is scheduled to expire on December 31, 2007.

DPH's Office of AIDS Programs and Policy (OAPP), has released a draft of the rates from the study to the public and has initiated a 60 day public comment period. During this time, Mercer will be available to answer questions to providers about the rate study. Based on current solicitation timelines, OAPP is scheduled to release the HIV/AIDS Outpatient Medical Services RFP no later than September 2008, facilitating the need for this extension request through December 31, 2008.

#### **FISCAL IMPACT/FINANCING**

The maximum obligation of Agreement Number PH-000220 is \$118,097 for the period December 1, 2006 through December 31, 2007. The agreement is being extended for a period of twelve months, effective January 1, 2008 through December 31, 2008, at no additional cost.

On July 3, 2007, your Board approved Agreement Number PH-000220 with the understanding that the maximum obligation of \$118,097 would be 100 percent funded by Ryan White Comprehensive AIDS Resources Emergency (CARE) Act grant funds. However, OAPP has since learned that funding for this cost, and costs similar to these, were not included in the new Health Resources Services Agency's spending priorities and therefore, OAPP will be absorbing the \$118,097 cost with existing funding in their FY 2007-08 Final Adopted Budget.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

OAPP reimburses its contracted outpatient medical clinics through a traditional line-item budget process. At the Board's request, OAPP is developing a Fee-For-Service/Unit Cost Reimbursement methodology that will encourage provider accountability and productivity, track utilization more effectively and ensure that providers are utilizing other funding sources, such as Medi-Cal, when available.

A drawback of the current reimbursement methodology is that there may be a financial disincentive to enrolling patients in Medi-Cal, as providers may find line-item reimbursement financially advantageous. Therefore, through this agreement, OAPP is seeking the ongoing services of Mercer to assist OAPP with the implementation of a Fee-For-Service/Unit Cost Reimbursement procedure to replace the existing reimbursement system for HIV/AIDS outpatient medical services.

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Exhibit I has been reviewed and approved as to form by County Counsel.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of Amendment Number 1 to Agreement Number PH-000220, will allow completion of the HIV/AIDS Medical Clinics Reimbursement Rate Study. Completion of this rate study is necessary for the restructuring and re-solicitation of HIV/AIDS outpatient medical services and three sub-modalities throughout the County, both of which will contribute to a more effective program.

**CONCLUSION**

DPH requires four signed copies of the Board's action. It is requested that the Executive Officer, Board of Supervisors, notify the DPH, Contracts and Grants Division, at (213) 240-8179 when this document is available.

Respectfully submitted



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:SRH:SS  
DRJ:RM:lbm

Attachment

c: County Counsel  
Director and Health Officer, Department of Public Health